

103 FERC ¶ 61,334
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell.

Wyoming Interstate Company, Ltd.

Docket No. RP03-480-000

ORDER ACCEPTING CERTAIN TARIFF SHEETS AND ACCEPTING OTHER TARIFF
SHEET SUBJECT TO A TECHNICAL CONFERENCE

(Issued June 18, 2003)

1. On May 19, 2002, Wyoming Interstate Company, Ltd. (WIC) filed tariff sheets proposing to define the specifications for thermal content, sulphur and hydrogen sulphide content, and for pagination purposes.¹ The Commission accepts the tendered tariff sheets defining the thermal content,² to be effective June 19, 2003. However, the Commission accepts the tariff sheet tightening the sulphur specifications,³ and suspends its effectiveness until November 19, 2003, subject to refund, and subject to the outcome of a technical conference. This decision benefits customers since it allows the Commission to investigate the implications of the proposed tariff revisions pertaining to the tightening of sulphur specifications.

Background

2. WIC states that a number of new receipt and delivery points, along with additional capacity have been added through expansion of its system. WIC maintains that the addition of the Medicine Bow and Powder River Laterals (jointly, the Laterals) resulted in changes to the thermal content of the gas received on its system. According to WIC, since it has evolved into a more complex system, it is now proposing to revise its quality provisions related to hydrogen sulphide, total sulphur, and the thermal content of the gas stream to

¹Thirteenth Revised Sheet No. 38, Third Revised Sheet No. 70, and Ninth Revised Sheet No. 38A to FERC Gas Tariff, Second Revised Volume No. 2.

²Thirteenth Revised Sheet No. 38 and Ninth Revised Sheet No. 38A to FERC Gas Tariff, Second Revised Volume No. 2.

³Third Revised Sheet No. 70 to FERC Gas Tariff, Second Revised Volume No. 2.

reflect the current operations of its system, to be more in line with current business and industry practices, and to satisfy safety concerns.

3. WIC states that it has not previously changed its gas quality specifications for hydrogen sulphide and total sulphur amounts. Currently, Sections 10.3(b) and 10.3(c) of its tariff provide that gas tendered will not contain more than 1 grain of hydrogen sulphide and not exceed 20 grains of total sulphur per 100 cubic feet of gas. WIC proposes to revise its tariff to require that the hydrogen sulphide content will not exceed one-quarter (.25) of a grain and total sulphur will not exceed 5 grains per 100 cubic feet of gas.

4. WIC admits that it is presently able to meet the more stringent delivery requirements for sulphur at downstream interconnects, since it is receiving gas with sulphur levels well below the current tariff maximums. However, WIC argues that without this proposed change to its sulphur requirements, WIC's tariff would permit a future gas source to supply higher levels than it has experienced historically which would place WIC at risk for being shut-in by its downstream interconnects. Moreover, WIC argues that the presence of hydrogen sulphide and sulphur in the gas stream can interfere with the safe and efficient handling and transportation of gas. Finally, WIC maintains that downstream parties will not be affected by the proposed change since all delivery locations on WIC's system, with the exception of one,⁴ also have a hydrogen sulphide requirement of .25 grains per 100 cubic feet of gas and 5 grains of total sulphur per 100 cubic feet of gas.

5. WIC also proposes to further define the thermal content basis for the Maximum Delivery Quantity (MDQ) used in its contracts. WIC states that its current tariff provides that it may adjust each firm shipper's MDQ if the shipper's thermal content in any month deviates from the thermal content level of 1053 Btu/cf (or the then-current thermal content on which MDQ's are based). However, WIC states that while the 1053 Btu/cf thermal content is still applicable to the mainline system, its studies have shown that this figure does not reflect the appropriate thermal content for gas received on the Medicine Bow and Powder River Laterals. Therefore, WIC is proposing to specify the thermal content for each operational area of its system. WIC states that it has sampled the Btu levels on the Laterals and the Btu level is 968 Btu/cf for the Medicine Bow Lateral and 961 Btu/cf for the Powder River Lateral.

⁴Indicated Shippers argue that this one location at which the proposed specifications are inconsistent with the downstream entity (WIC's interconnect with Trailblazer Pipeline Company (Trailblazer)) handles the majority of deliveries by WIC. Indicated Shippers state that Trailblazer's sulphur specifications are the same as WIC's current specifications.

Public Notice, Protest, and Interventions

6. The instant filing was noticed, with comments, protests and interventions due as provided by the Commission's regulations (18 C.F.R. § 385.214 (2003)). On June 2, 2003, Indicated Shippers filed a protest, arguing that WIC has not provided any operational justification for its proposal to tighten the gas specifications for total sulphur and hydrogen sulphide, and asking the Commission to reject the proposed specifications. Notices of intervention and unopposed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2003)). In addition, all motions to intervene out of time filed before the issuance date of this order are granted.

Discussion

7. The Commission finds that WIC has provided sufficient justification for its proposal to specify the appropriate thermal content for gas received for each operational area of its system since it has shown that the proposed Btu levels more accurately relate to these different operational areas on its system.

8. With regard to WIC's proposal to tighten its sulphur specifications, the Commission finds that WIC has not sufficiently explained the basis for the revisions or their impact on shippers. The Commission believes the appropriate forum to address these issues is in the context of a technical conference.

9. Specifically, Indicated Shippers question WIC's contention that the current sulphur specifications in its tariff pose a risk of safety or operational problems on its system. Furthermore, Indicated Shippers are concerned that the tightened sulphur specifications will result in a situation where existing production at smaller upstream points that satisfied the previous specifications will not be able to meet the new restrictions.

10. WIC should explain why the upstream pipelines' standards, which in WIC's explanation are tighter than its own, compel WIC to modify its standards when the gas received by WIC from these upstream pipelines will meet WIC's current standards for gas quality. This is particularly in need of clarification in light of WIC's concession that even with its current specifications it is able to meet the more stringent delivery requirements for sulphur at downstream interconnects, since it is receiving gas with sulphur levels well below the current tariff maximums.

11. Accordingly, in order to gather more information on the proposed tightening of WIC's sulphur specifications, and to provide the Commission with a forum to discuss the concerns of the parties, the Commission directs staff to convene a technical conference.

Suspension

12. Based on a review of the filing, the Commission finds that the proposed provisions of WIC regarding its sulphur specifications have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly the Commission will accept the tariff sheet on sulphur specifications for filing, and suspend its effectiveness for the period set forth below, subject to the conditions in this order.

13. The Commission's policy regarding tariff suspensions is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards.⁵ It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.⁶ Such circumstances do not exist here. Therefore, the Commission shall exercise its discretion to suspend the proposed tariff sheet on sulphur specifications for five months, to take effect November 19, 2003, subject to a technical conference.

The Commission orders:

(A) WIC's proposed tariff sheets, Thirteenth Revised Sheet No. 38 and Ninth Revised Sheet No. 38A, specifying the appropriate thermal content for gas received for each operational area of its system are accepted, effective June 19, 2003, as discussed in the body of this order.

(B) WIC's proposed tariff sheet, Third Revised Sheet No. 70, tightening the sulphur specifications in its tariff, is accepted and suspended, to become effective the earlier of November 19, 2003, or on the date the Commission specifies in any future order issued in this proceeding, and subject to a technical conference established in Ordering Paragraph C.

(C) The Commission's staff is directed to convene a technical conference to investigate WIC's proposed tightening of the sulphur specifications in its tariff and to

⁵Great Lakes Gas Transmission Co., 12 FERC ¶ 61,293 (1980) (five-month suspension).

⁶Valley Gas Transmission, Inc., 12 FERC ¶ 61,197 (1980) (one-day suspension).

address the concerns raised in the protests of the parties. The Staff must report to the Commission on the technical conference within 120 days of the date this order is issued.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.